



INDIANA *for* COMMISSION
HIGHER EDUCATION

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Commission calls on colleges to preserve access, affordability for Hoosier students with recommended tuition caps

The Indiana Commission Higher Education is urging the state's colleges and universities to control tuition and fee increases for Hoosier students over the next two years in response to growing concerns about rising student loan debt and Indiana families' ability to afford the cost of a college education.

The Commission's recommended tuition and fee caps would hold the majority of Indiana college campuses at or below a 2.5 percent annual increase with no college exceeding a 3.5 percent cap for the 2011-12 and 2012-13 academic years.* *(See attached table for details.)*

"Meeting Indiana's college completion and workforce demands depends on our ability to preserve access to an affordable, quality higher education," said Teresa Lubbers, Indiana's Commissioner for Higher Education. "While Indiana colleges have significant operational expenses, increasing efficiency should be prioritized over increasing costs for our student consumers."

The Commission's recommended tuition and fee cap targets reflect analysis of a variety of financial indicators and discussions with representatives from Indiana's college and universities, state policymakers and national experts. The resulting recommendations attempt to strike a balance between the unique mission and operational realities of each institution with the need to ensure affordable access to college for Hoosier families. The Commission was given the authority to set non-binding tuition targets by the Indiana General Assembly for the first time in 2009.

Controlling College Costs

Over the past decade, tuition rates at Indiana's taxpayer-supported colleges have increased by nearly 100 percent while Hoosier incomes have grown by less than 1 percent on a per capita basis. Though rising tuition costs are a national concern, Indiana's situation is particularly serious given that Hoosier incomes continue to lag behind the national average, ranking the state 41st in per capita personal income in 2010.

"The facts are clear: college costs cannot continue to increase at the present rate without the risk of our low- and middle-income students being priced out of higher education," said Lubbers.

Nearly two-thirds of Hoosiers graduate with college debt, and Indiana now ranks 13th highest in the nation for the average amount of student debt. While the Indiana General Assembly has continued to increase funding for state financial aid programs in spite of the national economic recession, higher enrollments and increasing demand for aid dollars has lowered the per student state grant amount, which often results in students having to cover more costs out-of-pocket or take on more debt.

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Highlighting Variable Tuition Rates & Non-Mandatory Fees

While the recommendations would limit base tuition rates and mandatory fee increases for Hoosier undergraduate students, the Commission is asking Indiana institutions to be mindful of other, less apparent costs. Though the Commission recognizes that some degree programs require additional investments, institutions should avoid shifting the cost of overall academic instruction to specific student populations.

Likewise, the Commission is asking institutions to carefully consider increases in “non-mandatory fees” like room-and-board and lab fees which can amount to hundreds of additional dollars in annual expenses for students on some campuses.

Comparing College Costs

To support Hoosier students and families in understanding the true cost of college, the state launched Learn More Indiana’s College Costs Estimator as a free service earlier this year. Available at IndianaCollegeCosts.org, the service offers side-by-side comparisons of college costs at each Indiana campus, both public and private, with customized estimates that show how much students should expect to pay out-of-pocket once various sources of financial aid are taken into account.

The federal government has required all higher education institutions to make a “net price calculator” available on their websites by October 2011. Net price is defined as the total cost of attendance (tuition and fees, room and board, books and other expenses) minus grant aid (includes need- and merit-based aid but not loans). Learn More Indiana’s College Costs Estimator is intended to meet the federal mandate on a statewide basis for Indiana institutions that choose to use the state service to fulfill that requirement.

Reaching Higher in Indiana

The Indiana Commission for Higher Education’s tuition and fee recommendations are driven by the principles of *Reaching Higher*, the state’s strategic plan for higher education. *Reaching Higher* sets clear goals and targets for improving college preparation, affordability, completion and economic development through the state’s higher education system. Learn more online at www.che.in.gov.

** Note that for the purpose of tuition-setting recommendations, Ivy Tech Community College is considered as a single campus system.*



Indiana Commission for Higher Education's Recommended Tuition and Fee Targets

	<u>2010-11 Tuition and Fees*</u>	<u>2011-12 Cap</u>	<u>2012-13 Cap</u>	<u>% Increase Cap for 2011-12</u>	<u>% Increase Cap for 2012-13</u>
Indiana University - Bloomington	\$9,078	\$9,398	\$9,729	0-3.5%	0-3.5%
Purdue University - West Lafayette	\$9,070	\$9,390	\$9,721	0-3.5%	0-3.5%
Ball State University	\$8,234	\$8,483	\$8,740	0-3.0%	0-3.0%
University of Southern Indiana	\$5,600	\$5,769	\$5,944	0-3.0%	0-3.0%
Ivy Tech Community College	\$3,257	\$3,355	\$3,457	0-3.0%	0-3.0%
IU - Kokomo	\$6,108	\$6,262	\$6,420	0-2.5%	0-2.5%
IU - Northwest	\$6,193	\$6,349	\$6,510	0-2.5%	0-2.5%
IU - Southeast	\$6,163	\$6,319	\$6,478	0-2.5%	0-2.5%
IU - East	\$6,069	\$6,222	\$6,379	0-2.5%	0-2.5%
IU - South Bend	\$6,290	\$6,449	\$6,612	0-2.5%	0-2.5%
IUPUI – General Academic	\$7,885	\$8,084	\$8,288	0-2.5%	0-2.5%
PU – Calumet	\$6,623	\$6,790	\$6,961	0-2.5%	0-2.5%
PU – North Central	\$6,704	\$6,873	\$7,046	0-2.5%	0-2.5%
PU – Fort Wayne	\$7,272	\$7,456	\$7,644	0-2.5%	0-2.5%
Indiana State University	\$7,714	\$7,909	\$8,108	0-2.5%	0-2.5%
Vincennes University	\$4,534	\$4,648	\$4,766	0-2.5%	0-2.5%

NOTES:

- Variations in recommended tuition and fee targets are based on university mission differentiation, access and affordability in an attempt to strike a balance between the role of each institution and the needs of Hoosier families.
- Additional background regarding specific target cap levels:
 - 0-3.5%:** These universities have the state's most selective admissions criteria, provide a high level of institutional aid and serve a relatively small proportion of low-income students** in comparison to other Indiana colleges.
 - 0-3.0%:** BSU has highly selective admissions criteria and a significant level of institutional aid. Ivy Tech and USI are low-cost institutions with respect to their mission and role in relation to state and national peers. Ivy Tech also has experienced the state's largest student enrollment growth with a 45 percent increase over the past three years.
 - 0-2.5%:** These institutions are the state's primary access and affordability entry points*** with a high proportion of low-income students and a relatively low level of resources available for institutional aid.
- Recommended tuition and fee cap targets reflect analysis of a variety of financial indicators, including:
 - Price indices** (Consumer Price Index, Higher Education Cost Adjustment)
 - Unemployment Rates** (United States and Indiana Seasonally Adjusted)
 - Income Measures** (Indiana and US Personal Income, Indiana and US Non-farm Personal)
 - Public Postsecondary Institution Enrollment** (Undergraduate Resident Headcount and Full Time Equivalent, State Operating Appropriation per Undergraduate Resident FTE)
 - Financial Assistance** (State Financial Aid Award Maximum and Caps, Pell Grant Award Maximum and Average Awards, Undergraduate Resident Institutional Aid, Overall State Financial Aid Data)

* Resident undergraduate tuition and fees only. ** Based on number of PELL grant recipients.

*** In addition to Ivy Tech Community College and the University of Southern Indiana.

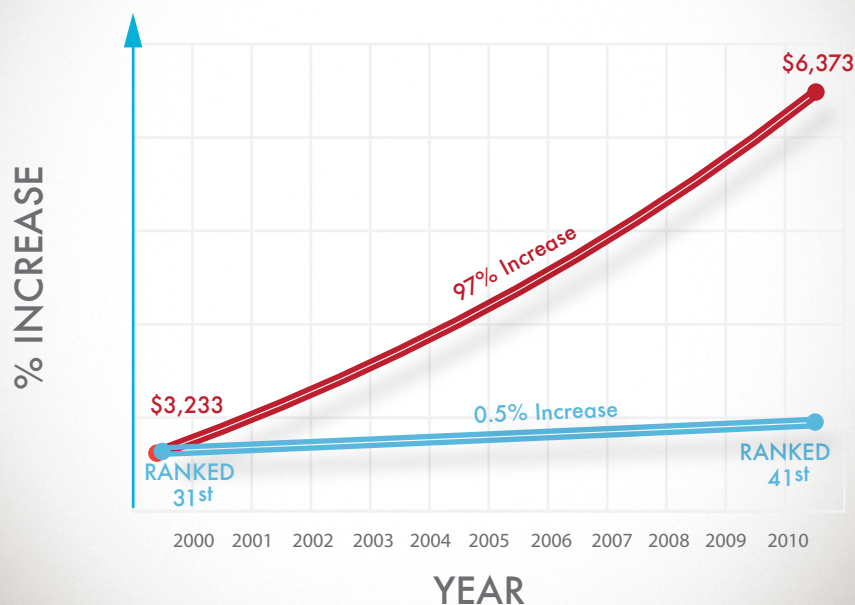
INDIANA COLLEGE COSTS IN CONTEXT



2000-2010

TUITION VS. INCOME*

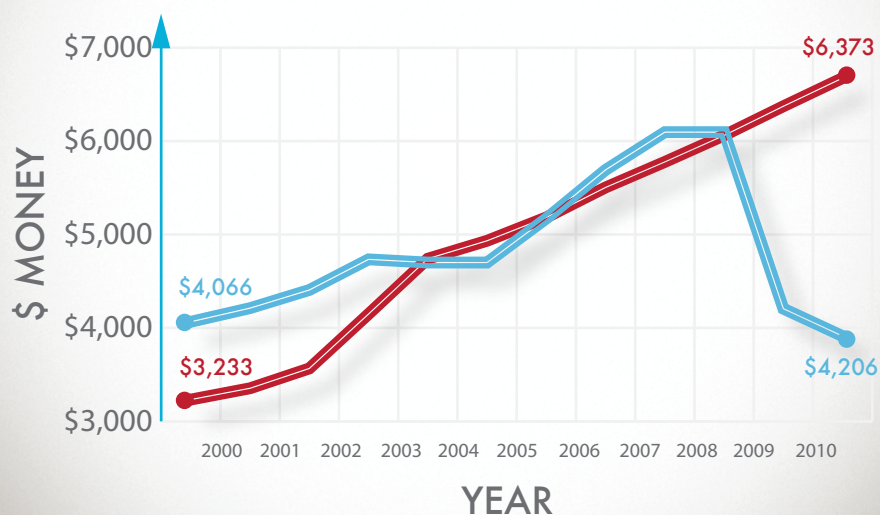
AVERAGE INDIANA TUITION & FEES
HOOSIER PER CAPITA INCOME



2000-2010

TUITION VS. STATE AID**

AVERAGE INDIANA TUITION & FEES
STATE AID CAP PER STUDENT



* RESIDENT UNDERGRADUATE TUITION AND MANDATORY FEES FOR INDIANA 2-YEAR & 4-YEAR COLLEGES. COMPOUNDED ANNUAL GROWTH BASED ON STARTING POINT OF 100.
** STATE FINANCIAL AID PUBLIC AWARD CAP.





BY THE NUMBERS: Indiana College Costs in Context

Income

- Hoosier earnings have grown by less than **1 percent** (0.5%) over the past decade.*
- Indiana ranks **41st** in the nation in the average personal income of its residents.
- **\$34,943**: Hoosiers per capita income in 2010 (**\$5,400 less annually** than the national average).

Affordability

- Average tuition and fees at Indiana's public colleges have increased by **nearly 100 percent** (97%) since 2000.
- Indiana's college debt load ranks **13th highest** in the country at **\$25,200** on average.
- Nearly **two-thirds** of Hoosiers graduate with college debt—and those who do not graduate are **10 times** more likely to default on their college loans.

Completion

- Only a **third** of Indiana college freshman earn a four-year college degree-on-time with just over half graduating within six years. Only **11 percent** of first-time, Indiana community college students graduate within three years.
- Indiana **ranks 41st** in the nation in the proportion of adults with a college credential (and **45th** with a bachelor's degree or higher).
- Indiana must produce at least **6,000** more college degrees and credentials each year through 2025 to keep pace with state's workforce needs.

** 2000-2010 Indiana per capita personal income, adjusted for inflation*